


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
HEALTH BENEFITS COMMITTEE
MEETING MINUTES**

September 12, 2006



The Health Benefits Committee met on Tuesday, September 12, 2006, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:50 a.m. with the following members present:

George Diehr, Chair
Priya Mathur, Vice Chair (excused)
James Zerio representing Philip Angelides
Marjorie Berte
Rob Feckner
Debbie Endsley representing David Gilb
Tony Oliveira
Charles Valdes (excused)
Joy Higa representing Steve Westly

Other Board members present:

Kurato Shimada

AGENDA ITEM 2 – APPROVAL OF THE AUGUST 15, 2006, HEALTH BENEFITS COMMITTEE MEETING MINUTES

The August 15, 2006, Health Benefits Committee meeting minutes were approved as presented.

AGENDA ITEM 3 – EXECUTIVE ORDER: FEDERAL HEALTH CARE PURCHASING

As an information item, Jarvio Grevious, Deputy Executive Officer, Benefits Administration, introduced Peter Lee, Chief Executive Officer of the Pacific Business Group on Health, who provided a report on his meeting with Health and Human Services Secretary Michael Leavitt regarding the President's Executive Order, titled, *Promoting Quality and Efficient Health Care in Federal Government Administered or Sponsored Health Care Programs*.

Although the Executive Order does not directly impact CalPERS, the elements align with CalPERS objectives. In particular, the federal direction is consistent with the Board-approved Partnership for Change which is geared toward promoting value in California health care through public reporting of hospital cost and quality data.

AGENDA ITEM 4 – 2006- 2007 HEALTH PLAN QUALITY REPORT

As an information item, Jan Howard, Manager, Policy Research, and Stacie Sormano, Manager, Strategic Services, presented a PowerPoint presentation highlighting the annual Quality Report available to members as a resource for choosing a health plan. The report featured two separate sources of data, a Member Satisfaction Survey and Effective Care Measures. Staff use the information in the Quality Report to work with health plans to analyze findings and develop strategies to impact areas that need improvement.

AGENDA ITEM 5 – ASSISTANT EXECUTIVE OFFICER REPORT

As an information item, Terri Westbrook, Assistant Executive Officer, Health Benefits Branch, provided an update on the following items:

- Independent Actuarial Review for the Long-Term Care Program, and
- Self-Funded Health Plan Third Party Medical Administrator Request for Proposal

At its August 2006 meeting, the Board directed staff to hire an independent actuary that is qualified and experienced in the field of long-term care insurance programs to conduct a parallel review of the 2006 valuation and propose mitigation plans for prior years' enrollees in the Long-Term Care Program.

The Board also directed that the selection of this independent actuarial firm and actuaries to conduct the review shall be supervised by the CalPERS Chief Audit Officer, who will oversee the completion of the project.

The Office of Audit Services developed the scope of work and has selected a vendor to perform independent actuarial valuation of the LTC program. Using the existing CalPERS actuarial pools and based upon criteria developed by Audit Services, including the suggestions provided by the Long-Term Care Advisory Committee and the Board, Mercer Health and Benefits was selected and engaged.

Mercer is on-track to complete all deliverables within the specified timelines.

The Request for Proposal for the third party medical administrator for the Self-Funded Health Plans will be released on September 15th.

AGENDA ITEM 6 – PROPOSED AGENDA FOR OCTOBER 17, 2006, HEALTH BENEFITS COMMITTEE MEETING

The proposed agenda for the October 17, 2006, Health Benefits Committee was accepted with one revision.

Proposed agenda item number five titled, "Long-Term Care Program 2005 and Earlier – Proposed Mitigation Strategies" was changed to "Long-Term Care Program 2005 and Earlier – Proposed Mitigation Plan – First Reading."

AGENDA ITEM 7 – PUBLIC COMMENT

There was no public comment.

The meeting was adjourned at 10:30 a.m.

The next meeting of the Committee is scheduled for October 17, 2006, in Redding, California, following adjournment of the Benefits and Program Administration Committee.

FRED BUENROSTRO
Chief Executive Officer